

Message Text

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JUSTICE - DROSENTHAL (SUBST)

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FM SECSTATE WASHDC

TO AMEMBASSY LONDON

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

INFO USMISSION USBERLIN

USMISSION OECD PARIS

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ETRD, OECD, UK, BE, GW

SUBJECT: ANTITRUST: PERSULFATE CHEMICALS INVESTIGATION

1. FOR SOME TIME THE DEPARTMENT OF JUSTICE HAS BEEN CONDUCTING AN INVESTIGATION BEFORE A FEDERAL GRAND JURY CONCERNING WHETHER CERTAIN FOREIGN AND DOMESTIC CORPORATIONS, WHICH SELL PERSULFATE CHEMICALS IN UNITED STATES DOMESTIC AND FOREIGN COMMERCE, CONSPIRED OR COMBINED TO LIMIT THE AMOUNT OF PERSULFATES IMPORTED INTO THE UNITED

STATES AND TO FIX THEIR PRICE. POTENTIAL CRIMINAL VIOLATIONS OF SECTION 1 OF THE SHERMAN ANTITRUST ACT ARE INVOLVED.

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2. PERSULFATES ARE A GROUP OF CHEMICAL PRODUCTS COMPOSED

OF POTASSIUM PERSULFATE, AMMONIUM PERSULFATE AND SODIUM PERSULFATE. PERSULFATES ARE USED IN THE MANUFACTURE OF PLASTICS, ACRYLIC LATEX PAINTS, HAIR BLEACH AND IN THE ETCHING OF PRINTED ELECTRICAL CIRCUITS. THE TOTAL PERSULFATE MARKET IN THE UNITED STATES EXCEEDS AN ANNUAL VOLUME OF 7 MILLION DOLLARS.

3. AS THE INVESTIGATION HAS PROGRESSED, IT HAS COME TO INVOLVE, AMONG OTHERS, THE FOLLOWING FOREIGN CORPORATIONS:

POSSIBLE DEFENDANT:	NATION OF INCORPORATION:
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LAPORTE INDUSTRIES, LTD.	UNITED KINGDOM
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INTEROX CHEMICALS, LTD.	UNITED KINGDOM
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PEROXID-CHEMIE GMBH	FEDERAL REPUBLIC OF
--	GERMANY

SOLVAY ET CIE, S.A.	BELGIUM
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AKZO CHEMIE N.V., A DIVISION	NETHERLANDS
-- OF AKZO, N.V.	

CERTAIN OFFICERS OF THESE COMPANIES ARE POSSIBLE DEFENDANTS AS WELL.

4. SINCE THE EFFECTIVE LIFE OF THE GRAND JURY WILL TERMINATE AT THE END OF THIS MONTH, ANY CRIMINAL INDICTMENTS WHICH MAY RESULT FROM THE INVESTIGATION ARE LIKELY TO BE ISSUED WITHIN THE NEXT TWO WEEKS. IT IS LIKELY ALSO THAT WITHIN THIS TIME A CIVIL COMPLAINT WILL BE FILED, NAMING SOME OR ALL OF THE ABOVE LISTED CORPORATIONS AS DEFENDANTS. SUCH A CIVIL SUIT WOULD, AMONG OTHER THINGS, SEEK TO ENJOIN FUTURE MARKET ALLOCATION, PRICE FIXING AND SALES LIMITATIONS AMONG THE DEFENDANTS.

5. SINCE ORGANIZATIONS AND INDIVIDUALS FROM OECD MEMBER STATES ARE POTENTIAL DEFENDANTS IN A CRIMINAL PROSECUTION, AND SUCH ORGANIZATIONS ARE POTENTIAL DEFENDANTS UNCLASSIFIED

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IN A CIVIL SUIT, WE BELIEVE IT APPROPRIATE TO NOTIFY, IN ACCORDANCE WITH THE 1967 OECD RECOMMENDATION, THE BRITISH, GERMAN, BELGIAN AND DUTCH GOVERNMENTS OF THE INVOLVEMENT OF THEIR NATIONALS IN THIS MATTER. THEREFORE, EACH ADDRESSEE EMBASSY IS REQUESTED TO INFORM ITS HOST GOVERNMENT FORMALLY OF THE INVESTIGATION, POSSIBLE INDICTMENTS AND CIVIL ACTIONS DESCRIBED ABOVE, MAKING SPECIAL REFERENCE TO THE OECD NOTIFICATION PROCEDURE

ADOPTED OCTOBER 5, 1967. ACCORDING TO THE OECD, NOTIFICATION SHOULD BE MADE TO:

A) UNITED KINGDOM DEPARTMENT OF TRADE AND INDUSTRY,
-- COMMERCIAL RELATIONS AND EXPORTS,
-- DIVISION 1,
-- VICTORIA STREET,
-- LONDON, S.W. 1

B) GERMANY PROF. DR. E. GUNTHER
-- PRESIDENT,
-- FEDERAL CARTEL OFFICE
-- MEHRINGDAMM 129,
-- 1 BERLIN 61

C) BELGIUM M. G. DECOSTER
-- PREMIER CONSEILLER,
-- CHEF DU SERVICE DE L'ORGANISATION
-- TION PROFESSIONNELLE ET DU
-- CONTENTIEUX ECONOMIQUE,
-- MINISTERE DES AFFAIRES ECONOMIQUES,
-- 26, RUE J.A. DE MOT,
-- B - 1040 BRUSSELS

D) NETHERLANDS DIRECTOR FOR INDUSTRIAL ORGANIZATION,
-- MINISTRY OF ECONOMIC AFFAIRS,
-- BEZUIDENHOUTSEWEG 30,
-- THE HAGUE,

6. EMBASSY LONDON WILL NOTE THAT THIS NOTIFICATION INVOLVES THE SAME INVESTIGATION DISCUSSED IN STATE UNCLASSIFIED

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256230, NOVEMBER 20, 1974.

7. ADDRESSEES SHOULD INFORM DEPARTMENT WHEN NOTIFICATION COMPLETED, INCLUDING ANY SIGNIFICANT REACTIONS FROM HOST GOVERNMENT OFFICIALS. INGERSOLL

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